

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

CITY OF MONROE EMPLOYEES' RETIREMENT SYSTEM, Individually and On Behalf of All Others Similarly Situated,	Electronically Filed
Plaintiff,	Civil Action No. 10 cv 2835 (NRB)
vs.	Hon. Naomi Reice Buchwald
THE HARTFORD FINANCIAL SERVICES GROUP, INC., RAMANI AYER, THOMAS M. MARRA, DAVID M. JOHNSON and LIZABETH H. ZLATKUS,	
Defendants.	

**DECLARATION OF LAURA GILSON IN FURTHER SUPPORT OF THE MOTION OF
ARKANSAS TEACHER RETIREMENT SYSTEM FOR
APPROVAL OF SELECTION OF CO-LEAD COUNSEL**

I, Laura Gilson, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am General Counsel for the Arkansas Teacher Retirement System (“Arkansas Teacher”). Arkansas Teacher was established in 1937 to provide retirement benefits to the thousands of current and former employees of Arkansas’s education community and has approximately \$8 billion in assets. I have personal knowledge about the information set forth in this Declaration and am authorized to provide such information on behalf of Arkansas Teacher.

2. I have received and reviewed the Court’s July 15, 2010 Memorandum and Order, Docket No. 52 (hereinafter the “Order”), in which the Court appointed Arkansas Teacher Lead Plaintiff in this matter. Based upon my review of the Court’s Order, it is my understanding that the Court reserved decision on whether to appoint both of Arkansas Teacher’s chosen counsel, Nix, Patterson & Roach L.L.P (“NPR”) and Labaton Sucharow LLP (“Labaton”) as Co-Lead

Counsel. Specifically, the Court directed Arkansas Teacher to, within 10 days of the Order, (1) select one of our chosen firms to serve as Lead Counsel or (2) provide justification for the appointment of both firms as Co-Lead Counsel. Order at 17. I am writing on behalf of Arkansas Teacher in response to the Court's Order.

3. As a threshold matter, on behalf of Arkansas Teacher, I would like to express Arkansas Teacher's appreciation for the Court's careful consideration of Arkansas Teacher's Motion for Appointment as Lead Plaintiff and Approval of Selection of Co-Lead Counsel and for appointing Arkansas Teacher as Lead Plaintiff. Arkansas Teacher has served as a Lead Plaintiff in several securities fraud class actions, including cases before the Court and in the Southern District of New York. Arkansas Teacher appreciates, understands and takes very seriously its role as Lead Plaintiff under the Private Securities Litigation Reform Act of 1995 ("PSRLA").

4. Arkansas Teacher also understands that an important part of its role as Lead Plaintiff is not only to select and retain qualified counsel, but also to actively supervise counsel's prosecution of the case. In that regard, after reviewing the Court's Order and carefully considering the relevant issues, Arkansas Teacher has decided to respectfully renew its request that both NPR and Labaton be appointed Co-Lead Counsel. Accordingly, in response to the Court's Order, Arkansas Teacher respectfully provides the following justification for the appointment of both NPR and Labaton as Co-Lead Counsel.

5. Based upon our prior experience in securities litigation, Arkansas Teacher believes an integral part of fulfilling the role of Lead Plaintiff under the PSLRA is to select and retain counsel for the Class that has both (1) a proven track record in handling complex securities class actions and (2) experience handling any unique facts or claims relevant to the specific litigation at hand. Here, Arkansas Teacher determined that, collectively, NPR and Labaton are

ideally suited to jointly represent Arkansas Teacher and the putative class. Arkansas Teacher had a preexisting relationship with both NPR and Labaton prior to the time the original complaint was filed in this matter. Without delving into privileged information, both NPR and Labaton analyzed this matter for Arkansas Teacher. Arkansas Teacher discussed this matter with each firm and carefully considered each firm's analysis before making a decision whether to seek appointment as Lead Plaintiff. Arkansas Teacher also carefully considered the respective strengths of each firm in an effort to determine which firm to select as counsel in this specific case. After considering the selection of lead counsel for several weeks, Arkansas Teacher determined that Arkansas Teacher and the putative class would be best served if both NPR and Labaton served as Co-Lead Counsel.

6. The decision to choose both firms, as opposed to a single firm, was not, in any way, lawyer-driven. That is, the decision to select both firms to serve as lead counsel was solely the decision of Arkansas Teacher.

7. Arkansas Teacher believes this litigation will be factually and legally complex, with strong and well-financed opposition. Arkansas Teacher selected NPR and Labaton to serve together as Co-Lead Counsel because it determined that the combined experience of these two firms would provide the Class with comprehensive representation in the face of that opposition, without increasing costs to the Class. As discussed in greater detail in Arkansas Teacher's opening memorandum and opposition memorandum, NPR and Labaton have substantial experience, and have had great success, prosecuting securities fraud class actions across the country. In addition to the types of issues generally involved in securities fraud class actions, this case involves complex factual and legal issues surrounding asset-backed securities, derivatives and securities lending involving a company that is neither a bank nor an originator of these types

of instruments. Each firm has had recent experience and success prosecuting cases dealing with circumstances similar to those at issue in this litigation.

8. For example, Labaton is serving as lead counsel in *In re Countrywide Financial Corp. Securities Litigation*. In that case, Labaton recently achieved a settlement in principle of \$624 million. Labaton also recently achieved a settlement in principle in a securities class action against American International Group and other defendants in the approximate amount of \$1 billion. NPR is currently serving as class counsel in *In re MoneyGram Int'l Securities Litigation*. In that case, United States District Judge David Doty entered an order granting final approval of an \$80 million settlement on June 18, 2010.

9. In the *Countrywide* litigation, Labaton prosecuted claims dealing with many of the same complex issues as this case, including the assessment of risk and accounting for valuations and impairments relating to mortgage-backed securities, as well as addressing and defeating procedural and substantive challenges to claims related to these issues. Similarly, in the *MoneyGram* litigation, NPR prosecuted claims dealing with many of the same issues faced by the Defendants in this litigation. Like the Defendants here, MoneyGram was required to meet certain regulatory capital requirements, made but failed to disclose the level of its exposure to investments in high-risk mortgage backed securities and derivatives, experienced increasing difficulty meeting these regulatory requirements, and ultimately had to write down over \$1 billion in other than temporarily impaired investments. NPR also is currently prosecuting two additional actions that are relevant to the instant action because they involve complex issues regarding securities lending programs: *CompSource Oklahoma, et al v. BNY Mellon, N.A., et al*; No. 6:08-cv-469 (E.D. Ok.); and *Board of Trustees of the AFTRA Retirement Fund, et al v. JP Morgan Chase Bank, N.A.*; No.1:09-cv-686 (S.D.N.Y.).

10. After evaluating the facts and potential claims at issue in this litigation, and comparing those claims to each firm's unique and particularized experience in cases involving similar facts and claims, Arkansas Teacher determined that the putative class best interests would be served by selecting both firms to serve as co-lead counsel.

11. Moreover, although both firms have national practices and have successfully prosecuted securities fraud cases across the country, including cases in the Southern District of New York, the location of each firm also is beneficial to the Class. The attorneys leading NPR's legal team are licensed to practice in Arkansas and are located less than two hours from Arkansas Teacher's offices; the attorneys leading Labaton's legal team are located in close proximity to this Court. The location of each firm will be beneficial to Arkansas Teacher and the putative class because the NPR team can easily meet at Arkansas Teacher's offices on short notice without incurring significant expense and travel time, while the Labaton team can file pleadings and attend to many matters in New York without incurring significant expense and travel time.

12. Arkansas Teacher understands the Court may have concerns that two firms serving as Co-Lead Counsel may lead to duplication of effort or additional expense. However, Arkansas Teacher is committed to maximizing the potential recovery for the Class.¹ Inherent in that commitment is our willingness and ability to actively supervise class counsel to ensure that: this matter is effectively and efficiently prosecuted; the Class is not burdened with any unnecessary fees or expenses; and no unnecessary or wasteful duplication of efforts are incurred.

¹ Arkansas Teacher has served, or continues to serve, in several cases in which more than one firm serves as lead counsel. One of these cases, *In re Ambac Financial Group, Inc. Securities Litigation*, No. 1:08-cv-00411-NRB (S.D.N.Y.), is currently pending in this Court. In each of these cases, Arkansas Teacher believes it has effectively monitored and managed lead counsel in a manner that is beneficial to, and in the best interests of, absent class members and will endeavor to do the same here.

To that end, we have implemented certain procedures and protocols that further delineate NPR's and Labaton's responsibilities and obligations in this regard and have instructed them to enter into a joint prosecution agreement that, among other things, delegates responsibilities among counsel in an attempt to avoid any duplication of effort. As General Counsel, my staff and I will personally supervise and monitor NPR and Labaton throughout this litigation. Arkansas Teacher believes that these procedures, when coupled with its experience in securities litigation and its prior and ongoing relationships with both firms, will be effective and inure to the benefit of the putative class.

13. On behalf of Arkansas Teacher, I thank the Court for its time and consideration of this matter.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true to the best of my knowledge. Executed this 23^d day of July, 2010.



Laura Gilson
General Counsel, Arkansas Teacher Retirement System